Yukon

Liquor Corporation

12th Annual Report

April 1, 1988 to March 31, 1989

90-01378/

The Honourable A. Webster,
Minister Responsible for
Yukon Liquor Corporation

Sir:

I have the honour to submit the Annual Report of the Yukon Liquor Corporation for the fiscal year ended March 31, 1989.

I respectfully request that this report be tabled at the next ensuing session of the Legislative Assembly, in accordance with Section 14 of the Liquor Act.

Respectfully submitted

Margaret A. Dunn
Chairperson
Board of Directors

Margaret A. Dunn
Chairperson
Yukon Liquor Corporation
Whitehorse, Yukon

Mrs. Dunn:

I have the honour to submit herewith the Twelfth Report of the Yukon Liquor Corporation for the fiscal year ending March 31, 1989, pursuant to Section 13 of the Liquor Act.

Respectfully submitted,

A. Vantell
General Manager and
Chief Executive Officer

YUKON LIQUOR CORPORATION

TWELFTH ANNUAL REPORT

1989

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GENERAL MANAGER AND CHIEF EXECUTIVE OFFICER'S MESSAGE

The Yukon Liquor Corporation continued to administer its mandate under the Liquor Act while making progessive changes in the areas of customer service and interaction with the industry.

In responding to changing consumer needs and market trends, the Corporation focused on new programs of marketing and merchandising. In store sampling of new products is just one example of the innovations implemented during the fiscal year 1988/89. Customer response, to all of the new marketing techniques implemented, has been very positive.

Although beverage alcohol consumption declined marginally, by 387 hectolitres, 1988/89 represented a year of financial stability with an increase in sales of $1 million over 1987/88. Net income increased by $.6 million. Remittances to the Yukon Territorial Government General Revenue Fund totalled $7.7 million.

The Corporation wishes to express sincere appreciation to the members of the Board of Directors for their support and assistance. The Corporation also wishes to thank the officers and Staff of the RCMP throughout the Territory for their efficient cooperation in enforcing the provisions of the Liquor Act.

Our dedicated and very experienced staff look forward to future challenges: improving operations while continuing to maintain a fine balance between providing revenue to the Territorial Government and maintaining high standards for customer service.

A. Vantell

A. Vantell

General Manager and
Chief Exective Officer

OPERATIONAL REVIEW

The Yukon Liquor Corporation (YLC) is a Yukon Territory crown corporation responsible for the administration of the Liquor Act and Regulations, and for the purchase and sale of all beverage alcohol products in the Territory.

YLC operates 6 liquor stores which offer consumers an extensive and varied selection of products - nearly 793 product lines from 42 countries around the world.

Throughout Yukon, over 466 licences were issued by the YLC for the sale of spirits, wine, and beer. During 1988/89, a total of 311 special occasion and reception permits were issued.

The YLC was established in 1977. This year marks its 12th anniversary, conducting the dual duties of the control and sale of beverage alcohol and the licensing and inspection of premises licensed for the service and consumption of liquor.

The operational and administrative duties of the Corporation are conducted by four internal departments.

Finance

The Finance Department provides for the financial control and reporting needs of the Yukon Liquor Corporation.

Enhanced financial controls were implemented, based on internal reviews conducted by departmental staff and external reviews conducted by the Auditor General's staff. Of significance was the introduction of a new capital project budgeting and review process.

A major responsibility of the Finance Department is the enhancement of current information systems, and the development of new systems. During 1988/89, the Department began a review of the current information systems with the intention of implementing improvements over the next two fiscal years.

Human Resources

Human resources provides a support service function to other departments on a Territory-wide basis, ensuring the Yukon Liquor Corporation meets its human resource needs while complying with territorial government legislation and guidelines. In conjunction with the Publice Service Commission, the department meets its responsibility by providing for the selection, placement, salary administration, and career development of Corporation employees.

Stores & Warehousing

The Stores & Warehousing Department provides service to the public and to licensees through:

- operation of the Corporation's network of 6 retail stores;
- operation of the warehouse and distribution centre in Whitehorse;
- development and implementation of proposals for new or revised store locations and for basic store design to support customer service and merchandising activities;
- development and implementation of proposals for the improvement of facilities and services offered to customers;
- purchasing beverage alcohol products in response to evolving consumer demand; and
- placing special orders for unlisted products to suppliers around the world on behalf of licensees and individuals.

During 1988/89 more progressive marketing and merchandising techniques were developed, including shelf management, merchandise displays, and an in-store tasting program.

Licensing & Permits

The Licensing & Permits Department is responsible for the licensing and inspection of facilities where liquor is served to members of the general public. On an annual basis, the department issues licences and permits for a broad variety of facilities across the territory and employs inspectors who visit these facilities, liaising with operators to ensure all aspects of liquor legislation are observed.

New applicants for licences and permits are interviewed by members of the department as part of the approval process. Close contacts are maintained with enforcement agencies such as police, fire and health inspection branches across the territory.

YUKON LIQUOR CORPORATION

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COMPARATIVE STATEMENT OF SALES BY PRODUCT TYPE

($000's)

		1989	PERCENTAGE OF SALES	1988	PERCENTAGE OF SALES
SPIRITS					
Rye	- Domestic	$ 2,048	12.4	$ 1,971	12.7
	- Imported	46	.3	36	.2
Scotch	- Domestic	35	.2	34	.2
	- Imported	436	2.6	413	2.7
Rum	- Domestic	1,064	6.4	956	6.2
	- Imported	23	.1	21	.1
Gin/Vodka	- Domestic	1,134	6.9	1,112	7.2
	- Imported	142	.9	79	.5
Brandy	- Domestic	38	.2	40	.3
	- Imported	93	.6	85	.6
Liqueur	- Domestic	436	2.6	434	2.8
	- Imported	834	5.1	798	5.1
Total Spirits		$ 6,329	38.3	5,979	38.6
WINE					
Domestic		$ 1,072	6.6	1,004	6.5
Imported		1,214	7.4	1,202	7.8
Total Wine		$ 2,286	13.9	2,206	14.3
BEER					
Domestic		$ 7,733	46.9	7,227	46.6
Imported		151	.9	84	.5
Total Beer		$ 7,884	47.8	7,311	47.1
TOTAL SALES		$16,499	100.0	$15,496	100.0

YUKON LIQUOR CORPORATION

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SCHEDULE OF SPIRITS, WINE AND BEER SALES BY STORE

($000's)

	SPIRITS	WINE	BEER	1989	1988
WHITEHORSE	$ 2,407	$ 1,101	$ 1,303	$ 4,811	$ 4,515
DAWSON CITY	526	216	773	1,515	1,342
MAYO	207	69	297	573	596
WATSON LAKE	530	204	636	1,370	1,264
HAINES JUNCTION	147	47	282	476	470
FARO	413	92	487	992	894
LICENSED OUTLET	2,099	557	4,106	6,762	6,414
1989	$ 6,329	$ 2,286	$ 7,884	$16,499	
% OF SALES	38.4	13.8	47.8	100.0	
1988	$ 5,979	$ 2,205	$ 7,311		$15,495
% OF SALES	38.6	14.2	47.2		100.0

YUKON LIQUOR CORPORATION

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1988/89

SCHEDULE OF HECTOLITERS OF LIQUOR SOLD

($000's)

	SPIRITS	WINE	BEER	1989	1988
WHITEHORSE	1,081	1,575	5,681	8,337	8,509
DAWSON CITY	236	317	3,554	4,107	3,786
MAYO	95	117	1,319	1,531	1,621
WATSON LAKE	238	316	2,885	3,439	3,334
HAINES JUNCTION	67	69	1,274	1,410	1,439
FARO	185	146	2,163	2,494	2,418
LICENSED OUTLET	945	766	18,815	20,526	21,124
TOTAL: 1989	2,847	3,306	35,691	41,844	
TOTAL: 1988	2,838	3,258	36,135		42,231
% Increase	0.3%	1.5%	(1.2)%	(0.9)%	

AUDITOR GENERAL OF CANADA

VÉRIFICATEUR GÉNÉRAL DU CANADA

AUDITOR'S REPORT

To the Executive Council Member responsible for the
Yukon Liquor Corporation

I have examined the balance sheet of the Yukon Liquor Corporation as at March 31, 1989 and the statement of income for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1989 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

I further report that, in my opinion, proper books of account have been kept by the Corporation, the financial statements are in agreement therewith and the transactions that have come under my notice have, in all significant respects, been in accordance with the Yukon Financial Administration Act and regulations, the Liquor Act and regulations, the by-laws of the Corporation and the Liquor Tax Act.

Raymond Dubois, F.C.A.
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
June 20, 1989

YUKON LIQUOR CORPORATION

Balance Sheet
as at March 31, 1989

ASSETS

	1989	1988
	(thousands of dollars)	
Current		
Cash	$ 1,967	$ 1,058
Accounts receivable	89	98
Inventories	2,337	2,205
Prepaid expenses	16	17
	$ 4,409	$ 3,378

LIABILITIES

Current		
Accounts payable	$ 3,351	$ 2,352
Deferred revenue	107	100
	3,458	2,452
Accrued employee termination benefits	251	226
Government of the Yukon Working capital advance	700	700
	$ 4,409	$ 3,378

Approved by the Board:

Margaret A Ducsa
Chairman

Member

YUKON LIQUOR CORPORATION

Statement of Income
for the year ended March 31, 1989

	1989	1988
	(thousands of dollars)	
Sales	$ 16,499	$ 15,495
Cost of goods sold	8,219	7,903
Gross profit	8,280	7,592
Expenses		
Salaries and employee benefits	2,096	1,971
Rentals, utilities and maintenance	386	371
Cartage	158	162
General and office supplies	78	62
Travel and communication	72	63
Professional services	12	26
Board honoraria and expenses	12	15
Miscellaneous	8	4
	2,822	2,674
Operating income	5,458	4,918
Other income		
Bank interest	72	21
Fees, permits and licences	67	63
Miscellaneous	149	131
	288	215
Net income for the year, transferred to the Government of the Yukon	$ 5,746	$ 5,133

YUKON LIQUOR CORPORATION

Notes to Financial Statements
March 31, 1989

1. Authority and operations

The Corporation, established under the Liquor Act, is responsible for the purchase, distribution and sale of liquor within the Territory. It is also responsible for controlling the sale of liquor through licenced outlets and enforcing all matters related to the Act.

The Corporation is provided with an interest-free working capital advance by the Government of the Yukon, to which the net income for the year is transferred in accordance with the Act.

2. Accounting policies

These financial statements have been prepared by management in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year. The more significant accounting policies are as follows:

Inventories

Inventories are valued at landed cost at Whitehorse.

Fixed assets

Fixed assets are financed by the Government of the Yukon under a capital vote within the Capital Estimates of the Government. These assets are owned by the Government of the Yukon and are recorded in the accounts of the Corporation at a nominal amount of $1.

Pensions

The Corporation and its employees, who are deemed to be employees of the Government of the Yukon, make contributions to the Public Service Superannuation Plan administered by the Government of Canada. Contributions to the Plan are required from both the employees and the Corporation. These contributions represent the total liability of the Corporation and are recognized in the accounts on a current basis.

3. Fixed assets

The cost to the Government of the Yukon of fixed assets held by the Corporation at March 31 is as follows:

	1989	1988
	(thousands of dollars)	
Liquor store buildings	$ 978	$ 899
Store and warehouse improvements	1,115	1,076
Equipment	479	436
Furniture and office equipment	130	129
	$ 2,702	$ 2,540

During the year, fixed assets costing $172,000 (1988 - $215,000) were charged to a capital vote of the Government of the Yukon and transferred to the Corporation without charge.

4. Accommodation and services provided without charge

These financial statements do not reflect the cost of accommodation and other services provided without charge by the Government of the Yukon, or the value of services provided without charge to the Government by the Corporation in its capacity as Territorial Agent in localities outside Whitehorse. The value of services provided by the Government to the Corporation is estimated at $414,000 (1988 - $194,000). The value of services provided by the Corporation to the Government is estimated at $225,000 (1988 - $216,000).

5. Collection of liquor taxes

The Corporation transferred to the Government of the Yukon liquor taxes of $1,980,000 (1988 - $1,862,000) collected during the year under the Liquor Tax Act.

6. Related party transactions

In addition to the related party transactions disclosed in Notes 3 to 5 inclusive, accounts payable at March 31, 1989 include $1,594,000 due to the Government of the Yukon (1988 - $867,000).

7. Lease commitments

The Corporation has commitments to December 31, 1990 for leased premises of $176,000 per year, subject to annual Consumer Price Index adjustments.

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LIQUOR LICENCES ISSUED

	1989	1988
Liquor Coctail Lounge	62	55
Beer Tavern	1	1
Dining Room	51	54
Restaurant Beer and Wine	38	36
Liquor Off Premises	68	64
Beer Off Premises	24	27
Club Liquor	13	13
Beer Canteen	0	3
Special Liquor	14	9
Aircraft/Ship Liquor	5	4
Room Service Liquor	17	17
Mess Liquor	3	3
Sport Stadium	1	1
Recreation Facility	2	2
TOTAL	299	289

PERMITS ISSUED

Reception Permits	155	185
Special Occasion Permits	311	469
Wine Making	0	0
TOTAL	466	654

SUMMARY OF PERMITS ISSUED DURING 1989

	RECEPTION	SPEC. OCC.	WINE MAKING
Whitehorse Office	107	145	0
Faro Store	3	59	-
Mayo Store	8	24	-
Watson Lake Store	5	30	-
Haines Junction Store	3	16	-
Dawson City Store	29	37	-
TOTAL	155	311	0

SUSPENSION OF LICENCE PRIVILEGES

During the 1988/89 fiscal year, 6 Liquor Licences were suspended and 5 letters of warning were issued. Service to intoxicated persons, service to minors, allowing intoxicated persons to remain on the premises, and opening on an election day comprised the most common infractions.